

# New Peer Review Process to Affect Arizona CPAs

## *Arizona CPAs Will Continue to use the Current Process until the State Board of Accountancy Takes Action and the Law Changes*

The Facilitated State Board Access (FSBA) is a new process that will address the demand for greater peer review transparency. This is a program that the American Institute of CPAs (AICPA) has created to help the profession keep up with the evolving changes in the business and regulatory environments.

The goal of this new process is to create a nationally uniform system through which CPA firms can satisfy state board peer review information submission requirements, increase transparency and retain control over their peer review results. The AICPA and state CPA societies are working together to allow this process to become the primary means by which all State Boards of Accountancy (BOAs) obtain peer review results. However, until further notice, this new process will *not* replace the current peer review information submission requirements of the Arizona State Board of Accountancy, which licenses firms practicing in Arizona. Therefore, firms will need to follow the current Arizona State Board of Accountancy requirements until notified differently. Please refer to R4-1-454 of the Arizona State Board of Accountancy's Administrative Code. Firms registered in Arizona will still have the opportunity to opt-out of the FSBA program.

### What This Will Mean for Your Firm?

The FSBA uses the existing peer review process to facilitate the voluntary disclosure of peer review results to BOAs. Once the process begins for Arizona firms, those firms to which this process applies will receive a notice of the changes. Over time, this new process will help to make submission of your firm's peer review information easier.

### How Will This New Process Work?

FSBA uses an opt-out process that allows peer review results to be made available to select BOAs on a voluntary firm basis. Beginning with reviews accepted on or after November 2009, firms registered in Arizona will receive an additional notice and instructions along with their firm's acceptance letter that notifies them of the Administering Entity's (AE)—California Society of CPAs (Cal-CPA), intent to post their peer review information. Firms that are not members of the AICPA Employee Benefit Plan Audit Quality Center, Governmental Audit Quality Center or Private Companies Practice Section will be given the opportunity to opt-out of the process.

For peer reviews with due dates of Jan. 31, 2010 or later, the opportunity to opt out will be in the scheduling form (information required for scheduling reviews) that firms complete to start the peer review process.

No firm's peer review information will be made available to the public as a result of this process. A firm's peer review results will be posted to a secure BOA access-only Web site that will only be available to authorized state board representatives. Firms can request that their results be made available to more than one BOA, so long as the BOAs require peer review and are not prohibited from obtaining access to peer review information. However, access will not be granted until the selected state or states are participating in FSBA.

### What Documents Will Be Posted Under This Process?

The number of documents posted to the secure BOA Web site for a firm varies based upon the results of the peer review. A firm will not choose which documents will be posted, as each of those that are applicable will be posted. It is important to note that unless a firm opts-out, all applicable documents will be posted even if it is not a state requirement.

The following documents will be posted to the secure BOA Web site, as applicable:

- Peer review report
- Letter of comments
- Letter of response
- Acceptance letter
- Letter(s) signed by the reviewed

firm indicating that the peer review documents have been accepted with the understanding that the reviewed firm agrees to take certain actions

- Letter notifying the reviewed firm or individual that certain required actions have been completed

Firms that are not members of the AICPA Employee Benefit Plan Audit Quality Center, Governmental Audit Quality Center or Private Companies Practice Section will have the opportunity to opt-out at any time, even after their information has been posted by notifying the Cal-CPA in writing. Once the notification is received, the posted information will be removed. If a firm chooses to opt out, it is important to note that certain information which is currently publicly available, such as firm name and address, date of acceptance and the period covered by the firm's most recently accepted peer review, will remain posted.

*If you have further questions or need additional information, please contact Adela E. Jiménez at [ajimenez@ascpa.com](mailto:ajimenez@ascpa.com) or (602) 324-2972 at the Arizona Society of CPAs. Additional information is also available at: <http://www.aicpa.org/Professional+Resources/Peer+Review>.*